

Local economy boosted by oil

by Tim Ward
Battalion Reporter

There is life after an oil boom. For the last two months, area drilling and oil production has picked up and as a result, the Bryan-College Station economy is getting stronger everyday, an oil well service company owner says.

Kim Landry, owner of Lan-Tex Services, said the main reasons for the activity are a new oilfield in Downtown Bryan and a renewed interest in the old oilfields of the past oil boom.

Landry said the new field has been profitable to him and other oil-related businesses. The field is giving the Bryan-College Station economy a good shot in the arm, he said.

"The main pocket of oil is in Downtown Bryan and because the city owns some of the land, it is getting money from the royalties paid to it by the drilling companies," Landry said. "The field has not only produced a lot of oil but produced a lot of jobs."

This past month the Bryan-College Station area was said to have the lowest unemployment rate in the nation. You can thank the oil business for that.

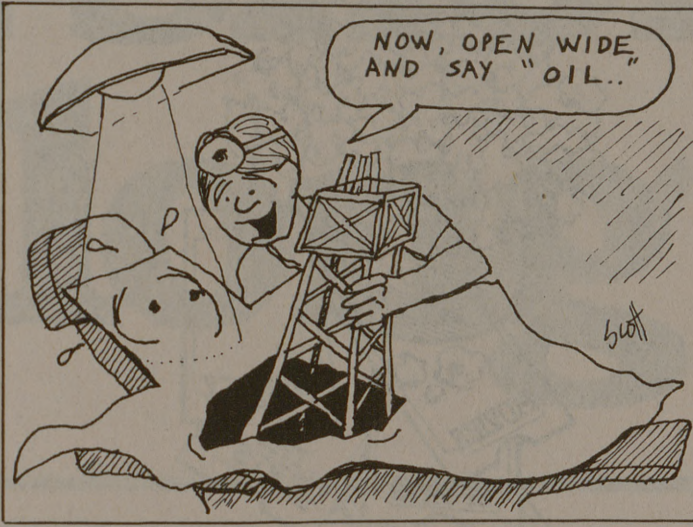
Bryan City Attorney Don Wolf said there are 72 producing wells within the city limits, but not all of them belong to the city. The city leases the land to drilling companies and receives bonus money and royalty money, he said.

"Because of the extra money, the city council has been able to create several projects within the budget that they wouldn't have been able to have," Wolf said. The tremendous growth of the oil industry in this area began when oil companies rapidly increased property leasing and oil exploration and development. It resulted in an "Oil Boom."

Landry said the drilling in those days was in an oil formation. The people who hung on and stayed in business are the ones beginning to drill the "Austin Chalk" again, he said.

"The old oil people who have survived the slowdown in the area are buying up the old wells and are re-drilling them," Landry said. "There is a new hope and interest in the Austin Chalk."

Landry said even though drilling has picked up, he feels his decision to enter the maintenance and service part of the oil business was the right one. The businesses of that type are doing very well and are adding to the area's economy, he said.



around here and are concentrating on the maintenance and the production of the wells we already have around here."

He also agrees that drilling has increased in the area, despite his company's decision to stop.

"Texas Oil and Gas feels the wells in the Austin Chalk aren't good," Tisdale said. "They depreciate too fast and aren't worth drilling. In spite of this, there is a re-newed interest in the Austin Chalk."

The Texas Railroad Commission reported Texas oil discoveries during the first half of 1983 were up by more than 35 percent, compared to the same period last year.

Through June, there were 430 oil finds in the state. Last year's total for the first six months was 317.

It runs throughout the Giddings, Caldwell and Bryan areas.

However, the field did not turn out to be as profitable as everyone projected, Landry said. When the price of oil went down and the bottom fell out of the oil industry, many people and businesses went bankrupt, he said.

After eight years, the business started making industrial casts for oil companies, he said. After two years of making oil valves and pumps, OMC purchased new casting equipment to make those same products more efficiently.

Two-thirds of OMC's 1981 business stemmed from industrial oil contracts. But, Harde- man said things almost bot- tomed out when the oil business slowed down.

"In 1977 we made castings almost exclusively for oil companies," he said. "If we had in- cluded the agricultural industry as well, overall business wouldn't have declined so drastically when the oil business halted."

"We learned a lot from the '77 diversification plans," he said, "and we know we should have diversified into more areas."

There seems to be general agreement among owners that good planning and hard work

Diversity key to success

Small businesses give tips

by Rusty Roberts
Battalion Reporter

Small business has a two-fold definition — it must employ less than 100 workers and gross no more than \$4 million a year. Last year, almost 10,000 businesses fit that definition with more than half failing during their first year.

However, John Kirkley, business development consultant for the Texas Industrial Commission, says that in prosperous areas like Bryan-College Station, consumers spend money less sparingly.

Ron Treat, owner of Topps Office Supply, said having a convenient location has helped his sales. After two years of business, being located on Texas Avenue is like working on "easy street," he said.

But Treat said location is only the first step. Adapting to a changing market has kept his small business from going under.

Treat saw a market last year for selling teaching supplies. The inventory changes he made were risky, he said, but it was a chance he was willing to take. Now, Treat said, he has almost a monopoly on the teaching supply business in the Bryan-College Station area.

Treat said his willingness to take chances and make sacrifices has made his small business successful.

Ben Hardeman, the outstanding Texas businessman last year and president of OMC Industries, a metal casting business, said the sacrifices he made gave his small business added stability.

"When I entered the foundry business 16 years ago, I was only making award and recognition plaques," he said. "I'd put almost all the profits back into the company before I'd pay myself. I knew the company couldn't survive if I kept those profits."

Hardeman's business has survived as well as expanded. In 1967, OMC Industries' gross earnings were \$12,000. In 1981, the corporation reported earnings of more than \$2.4 million. Hardeman attributes that success to diversification and hard work.

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staff photo by Mike Davis

These businesses stand on University drive at Northgate.

are directly related to success, while bad management and overbuying are definite indicators of failure. But owners said having a business plan prior to making a loan or leasing property will make starting out much easier.

Too many owners are unpre- pared when they start a small business, Kirkley said. They only think about being the boss and never consider any of the financial complications.

Having an "attack plan" is essential for any beginning busi- ness, Kirkley said. The plan first considers utility costs, inventory costs and salaries and then pro- jects expected revenues.


Owners who don't plan in advance usually go under the first year, he said. The average

life span of a small business is three years.

The Bryan-College Station area has a service that helps small business owners design such a plan. The Service Corps of Retired Executives is a free

service designed to help begin- ning businesses get started.

Last year, more than 60 new businesses were started in the Bryan-College Station area. That number already had been reached by March of this year.

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Demand, transport hike area gas prices

by Gwyneth M. Vaughn
Battalion Reporter

Comparing the prices of gaso- line in College Station and Houston, a driver may notice the price is nine cents more a gallon here than in the metropo- litan city.

Gasoline prices are higher in Bryan-College Station because of the high demand and the cost of transporting the gasoline here from Houston, Preston Ruffino of Producer's Cooperative Asso- ciation City Station, says.

Mary Alford of H&M Whole- sale, Inc., a gasoline distributor, said she thinks stations here charge a little too much some- times, but adds, "We can't con- sider what the station owners charge."

"We just keep prices competi- tive," she said. "You're not going to drop it (the price) and lose the thin margin of profit."

Don Dabbs, another distribu- tor, said the area had the lowest prices in the state this past winter.



how Houston stations can profit at the prices they are charging. He added that Houston has a huge surplus of gas the stations need to sell.

A check of area stations on Aug. 5 shows most College Sta- tion service stations are charging an average of \$1.13 for regular gasoline and \$1.19 for regular unleaded at self-service pumps. The average price for full- service pumps was \$1.26 for regu- lar and \$1.32 for unleaded. Prices are one to two cents cheaper at some stations in Bryan, but prices at the other

stations are the same as in Col- lege Station.

David Herrell of the National Energy Information Center said national averages, which include both full- and self-service, for May 1983 show:

- \$1.17.7, regular leaded gasoline;
- \$1.25.9, regular unleaded;
- \$1.24.3, overall average across the nation.

He also said these prices are down from the 1982 prices:

- \$1.22.2, regular leaded;
- \$1.29.6, regular unleaded;
- \$1.28.1, overall average.

Gasoline prices across the country have actually dropped in the last year, Herrell said.

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